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SUBJECT: MOROCCANS PROTEST HIGH PRICES WITH LOW TURN-OUT

11. (U) Summary: As Ramadan began in late September, so did protests in Casablanca and other major cities against the rise in prices of basic commodities. However, levels of participation were lower than organizers had hoped. This was due in part to the fact that the GOM gained union acceptance before implementing increases, causing unions to stay quiet when protests began. The low level of protest is also attributed to the unwillingness of prominent political parties to challenge the government on sensitive social issues before the 2007 legislative elections. In addition, many Moroccans feel there is little they can do to change the high cost of living. The refusal of many to engage on the issue of rising prices illustrates the GOM's success in influencing parties and unions. End Summary.

COALITION FORMS TO PROTEST RISING PRICES

12. (U) A group of organizations in Morocco joined forces at the start of Ramadan to initiate a movement against cost of living increases. Spearheaded by the Moroccan Association for Human Rights (AMDH), the newly formed coalition brought together about twenty organizations, including many left-wing parties, unions, and NGOs that are not allied with the government. The coalition encouraged citizens in cities across Morocco to participate in planned demonstrations against price increases of goods ranging from bread, sugar and vegetables to fuel, transportation and electricity.

13. (U) The rise in prices has affected a wide array of goods, and is partly attributed to an increase in Value Added Tax (VAT) from seven to ten percent in 2006. On average, the price of consumer goods has increased by 3.3 percent. Public transportation rose from less than 30 cents per ticket to about 40 cents. Water and electricity prices went up seven percent.

MOVEMENT STRUGGLES TO GAIN TRACTION

14. (U) Despite the coalition's vision of holding widespread sit-ins in twenty cities across Morocco, demonstrations have not been as well attended as organizers had hoped. A demonstration in Casablanca in early October reportedly drew only 400 participants, an underwhelming number in a city of about three million.

15. (U) Many believe low turn-out can be attributed to the GOM's proactive efforts to open a new pattern of social dialogue with unions. Led by Prime Minister Driss Jettou, the GOM held two important social dialogue conferences with the unions before

announcing price increases. The conferences included discussions on pay raises, the cost-of-living, and job stability. Only three such conferences had been held in the previous ten years, leading social observers to speculate that the GOM used the social dialogue conferences to get union buy-in by promising future concessions.

¶16. (U) Others suggest that legislative elections in 2007 may be affecting the movement's ability to gain traction. As an article in the October 7-13 issue of the magazine Tel Quel points out, political parties and unions allied with the government do not want to challenge the palace on social issues before elections. Though they recognize that outcry over price increases is legitimate, they are not willing to engage on the issue just now. At the same time, less prominent or less popular organizations may be using the rising cost of living as a rallying point to gain visibility.

¶17. (U) The "Coordinating Organization for the Fight against Price Increases" presumably chose to launch its movement during Ramadan to maximize effect. Household expenses traditionally increase during the month-long holiday, and people have been particularly hard hit this year since it coincided with going back to school. Nevertheless, some speculate that Ramadan is actually to blame for low protester turnout. After fasting all day, then indulging in the traditional rich foods of a Ftour, few feel motivated to join an evening demonstration.

¶18. (U) An article in the October 13-20 issue of Le Journal reports that, while the movement has not been huge, it has gained strength, particularly in small towns. The article also notes, however, that the subject of rising prices fails to draw the attention that issues

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such as Palestine or the war in Iraq do. Even though high costs affect a majority of Moroccan households, it is easier to rally support for global issues around which there is consensus, regardless of party affiliation.

¶19. (U) While working-class Moroccans acknowledge the reality of price increases, they have not taken to the streets en masse. For many, rising prices are simply a fact of life. EconOff spoke with a maid who said she noticed price increases several months ago, but not recently. When asked what people do about the rising cost of living, she shrugged and noted that the blue-collar workers most affected do not earn sufficient salaries. One professional Moroccan woman said that her husband, a professor, had joined a demonstration in Casablanca after receiving an SMS about it. When asked about working-class participants, she said, 'We have to protest for them.' The article in Le Journal reiterated this point, noting that the workers, students and artisans who were politically active in the 1970s and 1980s are now absent from the political arena.

GOM RESPONSE LIMITED

¶10. (U) The GOM's response to the demonstrations has been low-key and measured. Although it did reduce the price of gas by about five cents per liter on October 6, this gesture is perceived to be less a result of the coalition's efforts, and more an easy way to ease existing tension given a recent fall in the per-barrel price of oil. The proposed 2007 budget includes a measure to lower the income tax rate, but this will not benefit those who do not earn official salaries. The Central Bank reports that inflation has reached 3 percent in the first eight months of 2006, up from an average of 1.7 percent in the past five years, but it attributes rising prices to positive factors such as economic growth and an increase in money supply from tourism and remittances.

¶11. (SBU) Comment: When Moroccans took to the streets to protest high prices in 1981, riots left hundreds dead. The fact that

peaceful

demonstrations can take place now illustrates the regime's greater degree of openness. Furthermore, it is unusual in Morocco to see groups coalesce to raise the profile of a sensitive socio-economic issue.

¶12. (SBU) Comment (continued): At the same time, the fact that government unions and parties have not weighed in publicly on the issue of rising prices indicates both the GOM's new proactive approach to social issues, and its familiar ability to co-opt key parties and unions. The key role that NGOs such as AMDH have played in encouraging demonstrations against cost-of-living increases also demonstrates the greater role NGOs are playing on the political playing field. End Comment.

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